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November 2, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
The Portals
445 Twelfth Street, S. W.
Washington, D.C. 20554

**Re: Deployment of Wireline Services Offering Advanced
Telecommunications Capability, CC Docket No. 98-147**

Dear Ms. Salas:

On Friday, October 30, on behalf of Qwest Communications Corporation ("Qwest"), the undersigned of Hogan and Hartson L.L.P.; Joseph Garrity, Senior Director, Legal, Regulatory and Legislative Affairs and Corporate Secretary, Qwest; Ian Dix, Vice President of Product Marketing, Qwest; and Jane Kunka, Manager, Public Policy, Qwest; met jointly with Jonathan Askin, Jennifer Fabian, Linda Kinney, Brent Olson, Jason Oxman, Elizabeth Nightingale, Staci Pies, Daniel Shiman, and Peyton Wynns, all of the Common Carrier Bureau; and with Johnson Garret and Staggs Newman of the Office of Planning and Policy, regarding the referenced proceeding.

The points made in Qwest's comments and reply comments in response to the August 7, 1998, Notice of Proposed Rulemaking in the referenced docket were discussed in the meeting. The points made in the attached handout, which was distributed at the meeting, also were discussed.

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Ms. Magalie R. Salas

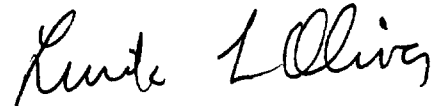
November 2, 1998

Page 2

I have hereby submitted two copies of this notice to the Secretary, as required by the Commission's rules. Please return a date-stamped copy of the enclosed (copy provided).

Please contact the undersigned if you have any questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Linda L. Oliver". The signature is fluid and cursive, with the first name "Linda" and last name "Oliver" clearly distinguishable.

Linda L. Oliver

Counsel for Qwest Communications
Corporation

Enclosure

cc: Jonathan Askin
Jennifer Fabian
Linda Kinney
Brent Olson
Jason Oxman
Elizabeth Nightingale
Staci Pies
Daniel Shiman
Peyton Wynns
Johnson Garret
Stagg Newman

QWEST COMMUNICATIONS CORPORATION
OCTOBER 30, 1998

CC DOCKET NO. 98-147

I. Introduction

- Customers want to use Qwest's state-of-the-art broadband interexchange network but are stymied by lack of broadband in the last mile.
- The 1996 Act prohibits ILECs from denying competitors access to their advanced local networks. Broadband local competition depends on that access.

II. The FCC Structural Separation Proposal Draws Lines in the Wrong Place by Unlawfully Allowing ILECs to Shelter Advanced Local Network Capabilities in a "New LEC" Subsidiary.

- The Telecom Act recognizes that competition depends upon the ability of CLECs to use the ILEC's network, and forbids the ILEC from escaping this obligation by migrating its network investment to another affiliate.
- The FCC plan would create an "Old LEC" that owns old local plant, and a "New LEC" that would own new (broadband) local investment, free from the Section 251(c) obligation to allow competitors to employ that network capability to provide competing local service. This plan is unlawful.
- The FCC plan assumes that allowing New LEC to escape its Section 251 obligations is appropriate because competitors do not need to use ILEC advanced network elements in order to provide broadband local connectivity to their customers.
- This finding is factually incorrect. Competitors depend on access to *all* ILEC advanced network capabilities to provide advanced services -- not just "conditioned" loops. Those capabilities are an integral part of the ILEC network, and access to them is essential.
- If the Commission allows ILECs to shelter advanced network capabilities from competitors, broad-based competition for advanced services will not develop. Competitors will be relegated to using old circuit-switched functionality only.

II. Even Assuming that New LEC Cannot Invest in Local Exchange Facilities, the Separate Affiliate Plan Still Does Not Contain Adequate Safeguards Against Discrimination.

- The FCC plan does not address the ILEC's incentives and ability to unfairly favor New LEC and discriminate against competitors of the affiliated New LEC and Old LEC combination.
- At a minimum, if the Commission pursues the separate affiliate proposal, it must strengthen it by: (1) requiring partial ownership of the New LEC sub to create separate fiduciary duties; (2) restricting joint marketing by Old LEC and New LEC; (3) prohibiting resale by New LEC of Old LEC retail services; (4) prohibiting sharing of brand names, buildings, administrative services, etc.; (6) giving competitors "pick and choose" rights to Old LEC/New LEC interconnection agreements; and (7) requiring pre-approval of a compliance plan.

III. National Rules Are Needed to Clarify CLEC Rights to Obtain and Use ILEC Advanced Network Capabilities.

- New rules are needed whether or not the ILEC creates a separate subsidiary.
- At a minimum, the FCC must: (1) clarify that "loops" include the associated electronics; (2) order ILECs to provide access to local dark fiber as a network element; (3) ensure that CLECs can buy as a network element the *functionality connecting a customer with the requesting carrier's local packet network* (CompTel's "shared data channel"); (4) require resale at wholesale rates of advanced "exchange access" services; and (5) revise collocation and loop rules to make collocation of CLEC equipment in ILEC central offices easier and cheaper.
- The Commission also should consider imposing build-out mandates on the ILECs to meet customer and competitor demand for high-speed last mile connections.